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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 003974

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TAGS: [PGOV](#) [MASS](#) [MARR](#) [TW](#)

SUBJECT: MAYOR MA HOPEFUL ON DEFENSE, MAYORAL ELECTIONS,
BUT WORRIED ABOUT SCANDALS

Classified By: AIT Director Stephen M. Young. Reason(s):
1.4 (B/D)

¶1. (C) Summary. Taipei Mayor Ma Ying-jeou told the Director on November 24 that the December 9 Kaohsiung mayoral election remains too close to call, while in Taipei KMT candidate Hau Lung-bin appears to be maintaining his substantial lead. Stating that the Legislative Yuan (LY) had effectively approved the 2007 defense budget (P-3C aircraft, PAC-II missile upgrades, submarine feasibility study), Ma surmised that a supplemental budget for PAC-III missiles might be possible after March 20, 2007, though the KMT has made no decision yet. Ma himself thrice raised the embarrassing mayoral special allowance imbroglio in which he is involved, suggesting the heavy political pressure he is currently under and the potential dire impact it can have on his political, especially presidential, prospects. End summary.

Cautiously Optimistic on KMT Mayoral Elections

¶2. (C) Taipei Mayor and opposition Kuomintang Party (KMT) Chairman Ma Ying-jeou, accompanied by KMT legislator Su Chi, told the Director on November 24 that the Kaohsiung mayoral race remains too close to call. KMT candidate Huang Chun-ying maintains a slender lead over DPP candidate Chen Chu, but the final outcome on December 9 will depend on last minute developments, particularly the number of voters each party succeeds in mobilizing. Ma surmised that the Taiwan Solidarity Union (TSU) candidate, though polling only 1-2 percent support, could determine the outcome of the neck and neck race. He noted that he would be spending the weekend in Kaohsiung campaigning for Huang.

¶3. (C) Ma told the Director that Taipei KMT mayoral candidate Hau Lung-bin appears to be holding a steady "4-2-1" lead (Hau 40 percent, DPP candidate Frank Hsieh 20, others 10). PFP Mayoral candidate James Soong, he said, is having minimal impact on the election, polling just 7-10 percent in recent public opinion polls. There are, however, "many developments" that could affect the outcome of the Taipei race, Ma added cryptically.

¶4. (C) Ma insisted the Taipei mayoral "special allowance" issue in which he is currently embroiled has had little

effect on the two mayoral races. He pointed to a November 24 China Times public opinion poll that, he said, showed minimal change in the two mayoral races since the prosecutors announced their investigation of Ma last week. (Note: The CT poll actually showed support for Kaohsiung KMT candidate Huang declining 46 to 41 percent while increasing for DPP's Chen Chu 23 to 29 percent over the past week, and in Taipei support for KMT's Hau declining 47 to 45 percent while increasing for DPP's Hsieh 18 to 21 percent. End Note.)

15. (C) On the other hand, Ma maintained that President Chen's national affairs budget scandal has had a large impact on the mayoral election. Recent public opinion polls, he said, showed 49 percent of voters believe the presidential scandal will affect the mayoral elections compared to only 10 percent who believe the Taipei mayoral special allowance issue will affect the outcome. In fact, Ma told the Director, whatever government ethics standards and mechanisms exist in Taiwan, such as financial disclosure, were "established by myself when I was Justice Minister" in the 1990s, in part, he said, emulating U.S. government ethics regulations. The Director responded that public ethics are indeed a major issue for U.S. officials, who face strict requirements on financial disclosure and behavior. Taiwan's maturing democracy, he suggested, is apparently headed in the same direction. As Taiwan democracy develops, he continued, Taiwan officials will find ethical standards and guidelines change and develop, just as American officials experienced over the past decade when new standards, such as those on illegal nannies, blocked several officials from taking office.

16. (C) The Director asked Ma whether he thought the post-December 9 election situation would immediately turn to

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LY and presidential elections or if there would be a respite.

Ma responded that focus on future elections would likely wait until after the February 17 Chinese New Year, the usual way, he said, of doing things in Taiwan.

Positive on Defense Budget

17. (C) Regarding the defense budget, Ma stated that the main weapons systems -- P-3C aircraft, PAC-II upgrades, and submarine feasibility study -- "had passed" the LY. (Note: Technically, the defense budget is under intra-party negotiation and will face a full LY vote later in the fall session. End Note). Ma told the Director that he had just come from breakfast with LY Speaker Wang Jin-pyng, where he and Wang agreed to push for the defense Supplemental Budget after the December 9 mayoral elections. Ma emphasized that he continues to support his stated four guidelines for "reasonable arms purchases" -- defense needs, financial capability, cross-Strait relations, and public opinion. The Director argued that Ma not use the public opinion guideline to passively receive public views, but rather urged that he and other leaders play an active role in building and shaping public opinion. As to cross-Strait relations, the Director stressed that the U.S. does not see this as "either-or," but more a matter of developing the self-confidence a defense capability gives Taiwan to explore mutually beneficial ties with China.

18. (C) The Director asked Ma whether he saw any possibility for a supplemental budget for PAC-III's after the three-year referendum proscription ended on March 20, 2007. Ma responded that in their breakfast meeting he and Wang agreed that a PAC-III supplemental budget might be possible. The KMT, however, had not yet made a decision on this and, in fact, had not even begun to discuss PAC-III's because of the three-year proscription. If MND proposes a PAC-III supplemental budget after March 20, he mused, this will launch a vigorous debate in the LY. (Note: KMT legislator Su Chi echoed Ma's concerns about the prospect of the PAC-III

supplemental budget in a later meeting with DDIR. He indicated his own support for the PAC-III but said that the issue would be controversial. End Note.) The Director cautioned that the issue is not just PAC-III's, but rather the larger issue of defense budget level and whether or not the defense budget will reach its announced objectives of 2.85 percent in 2007 and 3 percent in 2008.

Comment: Ma Distracted By Scandal, His Own This Time

19. (C) The Director deliberately eschewed raising the embarrassing issue of the mayoral special allowance imbroglio which occupies the front pages of the press and has knocked Ma off his exalted "Mr. Clean" pedestal into the mainstream of Taiwan hardball politics. The fact that Ma himself thrice raised the special allowance issue, however, is a measure of the heavy pressure he is under from the burgeoning scandal, which has a dire potential impact on his political, especially presidential, prospects.
YOUNG